

Senate Bill No. 1416

CHAPTER 219

An act to add and repeal Article 4 (commencing with Section 18735) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to the Salton Sea.

[Approved by Governor August 26, 2016. Filed with
Secretary of State August 26, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1416, Stone. Voluntary contribution: Revive the Salton Sea Fund.

Existing law authorizes an individual taxpayer to contribute amounts in excess of his or her personal income tax liability for the support of specified funds. Existing law also contains administrative provisions that are generally applicable to voluntary contributions.

This bill would allow an individual to designate on his or her tax return that a specified amount in excess of his or her tax liability be transferred to the Revive the Salton Sea Fund, which would be created by this bill. The bill would prohibit a voluntary contribution designation for the Revive the Salton Sea Fund from being added on the tax return until another voluntary contribution designation is removed or a space is available and would require, once the designation is added, specified information to be on the tax form, including the purposes for which the contribution would be used.

This bill would require money contributed to the fund, upon appropriation by the Legislature, to be allocated to the Franchise Tax Board and the Controller for reimbursement of costs, as provided, and to the Natural Resources Agency for distribution of competitive grants to provide funds or supplement funding of the state, county and local agencies, nonprofit organizations, and projects identified as necessary for the restoration and maintenance of the Salton Sea and to develop a mechanism to provide ongoing public awareness, as specified.

The bill would provide that these provisions would remain in effect only until January 1 of the 5th taxable year following the first appearance of the fund on the tax return, but would further provide for an earlier repeal if the Franchise Tax Board determines that the amount of contributions estimated to be received during a calendar year will not equal or exceed the minimum contribution amount, as defined, for that calendar year, in which case these provisions would be repealed on December 1 of that year.

The people of the State of California do enact as follows:

SECTION 1. Article 4 (commencing with Section 18735) is added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, to read:

Article 4. Revive the Salton Sea Fund

18735. (a) An individual may designate on the tax return that a contribution in excess of the tax liability, if any, be made to the Revive the Salton Sea Fund established by Section 18736. That designation shall be used as a voluntary contribution on the tax return.

(b) The contributions shall be in full dollar amounts and may be made individually by each signatory on a joint return.

(c) A designation under subdivision (a) shall be made for a taxable year on the original return for that taxable year and once made shall be irrevocable. If payments and credits reported on the return, together with any other credits associated with the individual's account, do not exceed the individual's tax liability, the return shall be treated as though no designation has been made.

(d) (1) The Franchise Tax Board shall revise the form of the return to include a space labeled "Revive the Salton Sea Fund" to allow for the designation permitted under subdivision (a). The form shall also include in the instructions information that the contribution may be in the amount of one dollar (\$1) or more and that the contribution shall be used to fund all of the following:

(A) Programs to create statewide public awareness and grassroots support for the restoration of the Salton Sea.

(B) Programs to engage the public through promotion and education about the Salton Sea.

(C) Current and future projects identified as necessary for restoration and maintenance of the Salton Sea, including projects identified by the Salton Sea Authority.

(2) Notwithstanding any other law, a voluntary contribution designation for the Revive the Salton Sea Fund shall not be added on the tax return until another voluntary contribution designation is removed or space is available, whichever occurs first.

(e) A deduction shall be allowed under Article 6 (commencing with Section 17201) of Chapter 3 of Part 10 for any contribution made pursuant to subdivision (a).

18736. There is hereby established in the State Treasury the Revive the Salton Sea Fund to receive contributions made pursuant to Section 18735. The Franchise Tax Board shall notify the Controller of both the amount of money paid by taxpayers in excess of their tax liability and the amount of refund money that taxpayers have designated pursuant to Section 18735 to be transferred to the Revive the Salton Sea Fund. The Controller shall

transfer from the Personal Income Tax Fund to the Revive the Salton Sea Fund an amount not in excess of the sum of the amounts designated by individuals pursuant to Section 18735 for payment into that fund.

18737. (a) All money transferred to the Revive the Salton Sea Fund, upon appropriation by the Legislature, shall be allocated as follows:

(1) To the Franchise Tax Board and the Controller for reimbursement of all costs incurred by the Franchise Tax Board and the Controller in connection with their duties under this article.

(2) (A) To the Natural Resources Agency for distribution of competitive grants to provide funds or supplement funding of state, county and local agencies, nonprofit organizations, and projects identified as necessary for the restoration and maintenance of the Salton Sea, including projects identified by the Salton Sea Authority.

(B) Up to 5 percent of the funds to the Natural Resources Agency for development of a mechanism to provide ongoing public awareness through activities that will promote the charitable tax deduction for the fund and seek continued contributions. These activities may include convening a philanthropic roundtable, developing literature for use by city, county, or local agencies and programs, and whatever other activities are deemed necessary and appropriate to promote the fund.

(C) Funds allocated pursuant to this paragraph shall not be used for administrative costs.

(b) Money in the Revive the Salton Sea Fund shall not be used to supplant state General Fund money for any purpose.

18738. (a) Except as otherwise provided in paragraph (2) of subdivision (b), this article shall remain in effect only until January 1 of the fifth taxable year following the first appearance of the Revive the Salton Sea Fund on the personal income tax return and is repealed as of December 1 of that year.

(b) (1) By September 1 of the second calendar year and each subsequent calendar year that the Revive the Salton Sea Fund appears on the tax return, the Franchise Tax Board shall do all of the following:

(A) Determine the minimum contribution amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

(B) Provide written notification to the Natural Resources Agency of the amount determined in subparagraph (A).

(C) Determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount of contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of the contributions estimated to be received during a calendar year will not at least equal the minimum contribution amount for the calendar year, this

article shall be inoperative with respect to taxable years beginning on or after January 1 of that calendar year and shall be repealed on December 1 of that year.

(3) For purposes of this section, the minimum contribution amount for a calendar year means two hundred fifty thousand dollars (\$250,000) for the second calendar year after the first appearance of the Revive the Salton Sea Fund on the personal income tax return or the minimum contribution amount as adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with the third calendar year after the first appearance of the Revive the Salton Sea Fund on the personal income tax return, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum contribution amount specified in subdivision (b) as follows:

(1) The minimum contribution amount for the calendar year shall be an amount equal to the product of the minimum contribution amount for the prior calendar year multiplied by the inflation factor adjustment as specified in subparagraph (A) of paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index for all items received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.